

MICROENTERPRISE LENDING PROGRAM
WEST BANK AND GAZA

Enterprise Survey

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I. BACKGROUND

The USAID-funded Micro-Enterprise Lending Program was designed to assist micro businesses in the West Bank and Gaza Strip through the provision of short-term loans. The target groups of this activity are businesses other than agriculture and construction, which employ fewer than 10 employees and need approximately \$10,000 for working capital. The project is being implemented by two Palestinian commercial banks, the Arab Bank and Bank of Jordan, in cooperation with Chemonics International Inc. and Massar Associates.

Lending activities were started in two branches for each participating bank. For the Arab Bank, Ramallah/Albireh and Bethlehem were the two targeted locations and Nablus and Hebron were the targeted locations for Bank of Jordan. Lending activities started in June 1998 in the four locations simultaneously and 480 loans were issued by the end of October 1998.

Chemonics requested from Massar Associates to conduct a survey on the borrowers in four locations to assess their profile. The study was commenced on October 20, 1998, and completed in November 20, 1998.

II. OBJECTIVES

To assess the profile of existing borrowers in the four branches of the two involved banks - the Arab Bank and the Bank of Jordan - in order to find out if the targeted borrowers are within the target group specified in the original plan. More specifically, the survey aims at defining the profile of borrowers in terms of age of business, sector, value of assets, value of sales, required working capital, among many other issues related to the definition of a small business.

III. METHODOLOGY

The survey was accomplished through various instruments:

- Review of the program documents related to the target groups and criteria.
- Personal interviews with respective Chemonics officials including the Chief of Party and Chemonics' special consultant.
- A field survey of a random sample of 20 percent of the total number of borrowers in each branch. A list of all borrowers was obtained from each bank in the four locations. The total number of borrowers was 480 at the time of conducting the survey, of which 28 were females (Arab Bank, 6; Bethlehem and Ramallah, 3 each; Bank of Jordan, 22; Nablus, 19; and Hebron, 3). A list of borrowers in each location was prepared. Then a random sample was selected from each list by taking the fifth name in the list until the number of selected names constituted

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20 percent of the total. Deliberately and because of the few females in the list, the research team decided to take affirmative action and include the majority of females in the list as follows

Three in Ramallah constitutes 100 percent of female borrowers; one in Bethlehem representing 33 percent; eight in Nablus representing 40 percent; and two in Hebron representing 66 percent of female borrowers. The sample size, gender, and distribution are clarified in the following table:

Table 1: Sample size and distribution

Gender	Arab Bank		Bank of Jordan		Total	%
	Ramallah	Bethlehem	Nablus	Hebron		
Male	24	21	24	22	91	87%
Female	3	1	8	2	14	13%
Total	27	22	32	24	105	100%

IV. RESULTS

The following sections present results of the survey. They describe several important characteristics of current borrowers of the two participating banks in four locations. These results, however, are a product of what current borrowers declared and responded. The researcher believes that the selected sample size and the techniques used in collecting the data produce statistically significant results, and thus could be generalized to the whole population (all borrowers).

A. Age of the business

Borrowers were asked about the age of their businesses, which is when they started their operations. The results are depicted in the following table:

Table 2: Age of Business by Bank and Location

Age of Business	Arab Bank			Bank of Jordan			Total
	*R	*B	Total	*N	*H	Total	
Less than one year	3	2	5 (10%)	0	1	1 (2%)	6 (5%)
Between 1 and 3 years	13	2	15 (30%)	10	7	17 (30%)	32 (30%)
Between 4 and 7 years	1	5	6 (12%)	8	6	14 (25%)	20 (20%)
More than 8 years	10	13	23 (47%)	14	10	24 (43%)	47 (45%)
Total	27	22	49 (100%)	32	24	56 (100%)	105 (100%)

***R: Ramallah, B: Bethlehem, N: Nablus, H: Hebron.**

- Only 5 percent of total number of enterprises were found to have been in business for less than one year. However, this does not mean that they just started up, but rather they have been operating for months. Out of the six businesses in this category, only one business is a borrower from Bank of Jordan and specifically from Hebron Branch. The rest, five businesses (10 percent of the bank borrowers), are Arab Bank borrowers as shown in the above table.
- The overwhelming majority (95 percent) has been in business for more than one year, with most in business more than four years.

B. Nature of Business

The survey investigated the nature of businesses borrowed from each bank and branch and the results were as follows:

Table 3: Nature of Business by Bank and Location

Sector	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
Industry	6	12	18 (37%)	7	1	8 (14%)	26 (24.5%)
Trade	10	7	17 (34%)	14	17	31 (56%)	48 (46%)
Service	10	3	13 (27%)	8	6	14 (25%)	27 (25.5%)
Tourism	0	0	0	0	0	0	0
Other	1	0	1 (2%)	3	0	3 (5%)	4 (4%)
Total	27	22	49 (100%)	32	24	56 (100%)	105 (100%)

- The majority of targeted borrowers are in trade businesses (46 percent).
- The results show that all sectors are represented in the target except tourism. However, there are some tourism-related businesses in the industry sector such as handicrafts in Bethlehem area. Of the total sample of Bank of Jordan, 31 (56 percent of the total) were in trade, compared to 17 (34 percent) at the Arab Bank in the same sector. Furthermore, 14 percent of Bank of Jordan borrowers are in industry compared to 37 percent at the Arab Bank. This is explained by the fact that many small businesses are found in the handicraft business in Bethlehem

C. Employment

The following tables show the number of employees in each business by bank and location, as well as those that are salaried:

Table 4: Number of employees in each business by bank and location:

*Number of employees	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
None	13	10	23 (47%)	13	8	21 (37.5%)	44 (42%)
One to three	9	9	18 (37%)	15	14	29 (52%)	47 (45%)
Four to six	4	3	7 (14%)	1	1	2 (3.5%)	9 (9%)
Seven to nine	0	0	0	3	1	4 (7%)	4 (3%)
More than nine	1	0	1 (2%)	0	0	0	1 (1%)
Total	27	22	49 (100%)	32	24	56 (100%)	105 (100%)

** Number of employees excluding owner*

- The number of employees shown in the table does not include the owner of the business. Therefore, 42 percent of businesses interviewed for both banks have no employees other than the owner.
- Ninety-nine percent (99 percent) of businesses employ fewer than 10 employees. Only one business was found to have more than nine employees at the Arab Bank branch in Ramallah.
- Overall, the vast majority (87 percent) of businesses employs three or fewer and none other than the owner.
- Of the Arab Bank borrowers, 47 percent do not have employees other than the owner, while it is 37 percent for the Bank of Jordan.

Table 5: Number of Salaried Employees by Bank and Location

Number of Salaried Employees	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
None	16	14	30 (61%)	19	11	30 (54%)	60 (57%)
One to three	8	5	13 (27%)	10	11	21 (37%)	34 (32%)
Four to six	2	3	5 (10%)	1	1	2 (4%)	7 (7%)

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Seven to nine	0	0	0	2	1	3 (5%)	3 (3%)
More than nine	1	0	1 (2%)	0	0	0	1 (1%)
Total	27	22	49 (100%)	32	24	56 (100%)	105 (100%)

- Owners of businesses are considered non-salaried.
- Whereas, these results represent all categories outlined in the previous table, it is very difficult to specify which category (number of employees) has more or fewer number of paid employees. However, the first category in Table 4, which does not have any employee other than the owner, could be compared to the first category in Table 5. If 57 percent of businesses do not have paid employees and 42 percent of businesses do not have employees other than the owner, then the difference (15 percent) belongs to other categories, to category 1 to 3 employees in particular. This analysis is explained by the fact that results in categories 3, 4 and 5 in Tables 4 and 5 are almost similar.
- In conclusion, it is possible to say that all microenterprises that have one person (the owner) are non-salaried ones. Furthermore, employees of around 15 to 18 percent of businesses that employ more than one person and more are non-salaried employees.

D. Value of Assets

Businesses were asked to estimate the current value of their assets other than land and buildings. However, these results are based on what each business declared to the interviewer and could not be verified due to the absence of records. The following results were obtained:

Table 6: Value of Assets by Bank and Location

Estimated Value of Assets (USD)	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
Less than 10,000	6	8	14 (29%)	12	6	18 (32%)	32 (31%)
10001-20,000	7	6	13 (27%)	8	6	14 (25%)	27 (26%)
20,001-30,000	5	4	9 (18%)	5	6	11 (20%)	20 (19%)
More than 30,000	8	4	12 (24%)	7	6	13 (23%)	25 (23%)
No answer	1	0	1 (2%)	0	0	0	1 (1%)
Total	27	22	49 (100%)	32	24	56 (100%)	105 (100%)

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- The estimated value of assets for 31 percent of businesses is less than \$10,000.
- The estimated value of assets for 57 percent of businesses is less than \$20,000.
- The estimated value of assets for 76 percent of businesses is less than \$30,000.
- No significant differences were found between businesses borrowed from the two banks.

E. Working Capital

Respondents were asked to estimate the working capital required to operate at current capacity on a continuous basis. The results of their answers are presented in the following table:

Table 7; The Required Working Capital

Estimated Value of Working Capital	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
Less than 5,000	5	16	21 (43%)	5	14	19 (34%)	40 (39%)
5,001-7,000	4	2	6 (12%)	8	3	11 (20%)	17 (16%)
7,001-9,000	5	2	7 (14%)	7	4	11 (20%)	18 (17%)
More than 9,000	12	2	14 (28%)	12	3	15 (26%)	29 (27%)
No answer	1	0	1 (2%)	0	0	0	1 (1%)
Total	27	22	49 (100%)	32	24	56 (100%)	105 (100%)

- Overall 72 percent of respondents indicated that each business would require an amount of \$9,000 or less to operate his/her business.
- The highest percentage (39 percent) of borrowers requires less than \$5,000 working capital. The majority of these borrowers are Arab Bank borrowers in Bethlehem branch.
- Borrowers of the Bank of Jordan seem to require more money than those of the Arab Bank. Forty percent of Bank of Jordan borrowers ask for a range of \$5,000 to \$9,000 compared to 26 percent of the Arab Bank borrowers.
- A significant percentage (27 percent) of respondents would require a working capital that exceeds \$9,000.

F. Monthly Sales

The following table depicts estimated monthly sales of businesses currently borrowing from both banks in four locations:

Table 8: Estimated Monthly Sales

Estimated Value of Monthly Sales (USD)	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
Less than 2,500	7	7	14 (29%)	10	9	19 (34%)	33 (32%)
Between 2,500-5,000	3	8	11 (23%)	12	4	16 (29%)	27 (26.5%)
Between 5,001-7,500	1	3	4 (8%)	2	5	7 (12%)	11 (10.5%)
Between 7,501-10,000	4	2	6 (12%)	2	2	4 (7%)	10 (9%)
Between 10,001-12,500	3	0	3 (6%)	1	0	1 (2%)	4 (3%)
More than 12,500	3	2	5 (10%)	1	3	4 (7%)	9 (8%)
No answer	6	0	6 (12%)	4	1	5 (9%)	11 (10%)
Total	27	22	49 (100%)	32	24	56 (100%)	105 (100%)

- The largest number of borrowers in the two banks claimed that their monthly sale is less than \$2,500. Assuming that each business in this category would require a working capital that equals to the double monthly sales of that business, then 32 percent would require \$5,000 or less. This percentage differs somewhat from that in Table 7 (39 percent), who require a working capital of less than \$5,000.
- The majority of businesses (78 percent) have monthly sales estimated at less than \$10,000.
- A significant percentage (10 percent) of respondents refused to declare their monthly sales.

G. Bank Accounts and Types

The following tables clarify the number of borrowers who have bank accounts in each location:

Table 9: Bank Accounts

*Bank Account	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
Yes	24	14	38 (77%)	31	21	52 (93%)	90 (84%)
No	3	8	11 (23%)	1	3	4 (7%)	15 (16%)
Total	27	22	49 (100%)	32	24	56 (100%)	105 (100%)

** Bank accounts do not include accounts opened in borrowing banks at the time of loan approval.*

- The majority of borrowers (84 percent) have bank accounts.
- The overwhelming majority of Bank of Jordan borrowers (93 percent) have bank accounts compared to 77 percent at the Arab Bank.
- 97 percent of Bank of Jordan borrowers in Nablus have bank accounts compared to 87 percent at the Hebron branch.
- 89 percent of the Arab Bank borrowers in Ramallah have bank accounts compared to 63 percent at the Bethlehem branch.

Table 10: Type of Bank Accounts

Type of Account	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
Checking	0	6	6 (16%)	0	3	3 (6%)	9 (10%)
Saving	0	0	0	0	0	0	0
Personal	0	0	0	0	0	0	0
Business	20	5	25 (66%)	22	9	31 (59%)	56 (62%)
Other	4	2	6 (16%)	9	9	18 (35%)	24 (27%)
No answer	0	1	1 (2%)	0	0	0	1 (1%)
Total	24	14	38 (100%)	31	21	52 (100%)	90 (100%)

- The majority of businesses (62 percent) have business accounts.

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- More borrowers at the Arab Bank have checking accounts (16 percent) than at the Bank of Jordan (6 percent). All of these borrowers are in Bethlehem and Hebron.
- Surprisingly, none of the borrowers in both banks in the four branches have saving or personal accounts. The reasons included; a. lack of money to save; b. saved money is reinvested; c. banks have low interest rates on savings accounts, and d. the attitude "why save if we need to borrow?".

H. Access to Credit

The general belief is that the majority of micro and small businesses had no access to credit from formal sources. Current borrowers from both banks were asked to indicate whether they had ever obtained loans in the past. The following tables 11, 12 and 13 illustrate previous access to credit, source and current borrowing:

Table 11: Access to Credit

Access to Credit	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
Yes	5	3	8 (16%)	8	2	10 (17%)	18(17%)
No	22	19	41 (84%)	24	22	46 (83%)	87(83%)
Total	27	22	49 (100%)	32	24	56 (100%)	105 (100%)

- Only 17 percent of respondents had access to credit in the past.
- More businesses in Ramallah (18 percent) had access to credit than in Bethlehem (13 percent).
- More businesses in Nablus (25 percent) had access to credit than in Hebron (8 percent).

Table 12: Source of credit

Source of Credit	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
Family and friends	0	0	0	0	0	0	0
Money lender	0	0	0	0	0	0	0
Banks	5	2	7 (87%)	5	2	7 (70%)	14
NGOs	0	1	1 (13%)	3	0	3 (30%)	4
More than one source	0	0	0	0	0	0	0
Total	5	3	8 (100%)	8	2	10 (100%)	18 (100%)

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- The majority of those who had access to credit obtained loans from either banks (70 percent) or from NGOs' credit programs (30 percent).
- More borrowers in Ramallah and Bethlehem (87 percent) obtained loans from banks than in Hebron and Nablus.
- None of the borrowers had access to credit from informal sources.

Table 13: Currently Borrowing from other Sources

Credit Source	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
Other bank	0	0	0	0	2	2 (66%)	2 (50%)
NGOs	0	1	1 (100%)	0	0	0	1 (25%)
Family and friends	0	0	0	1	0	1 (33%)	1 (25%)
Money lender	0	0	0	0	0	0	0
others	0	0	0	0	0	0	0
Total	0	1	1 (100%)	1	2	3 (100%)	4 (100%)

- Only four out of the 105 interviewed borrowers are currently borrowing from other sources.
- Two borrowers from Hebron are currently borrowing from other banks and only one borrower is borrowing from family and friends in Nablus. Just one borrower in Bethlehem is currently borrowing from an NGO source.

I. Loan Size and Capacity to Repay

Currently all respondents are borrowing from the participating banks. Some of them may have requested an amount of loan that is more than what they have really obtained. The research team asked borrowers to estimate the size of loan that they believe is optimal for their businesses, while having the capacity to repay it on time. The following results were obtained:

Table 14: Loan Size Requested by Borrowers

Required Loan Size	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
Less than 2,000	0	0	0	0	0	0	0
2,000-4,000	1	2	3 (7%)	5	1	6 (11%)	9 (8%)
4,001-6,000	5	2	7 (15%)	8	6	14 (25%)	21 (21%)
6,001-8,000	2	1	3 (6%)	6	5	11 (20%)	14 (13%)
8,001-10,000	7	3	10 (20%)	8	0	8 (14%)	18 (17%)
More than 10,000	12	13	25 (51%)	5	12	17 (30%)	42 (40%)
No answer	0	1	1 (1%)	0	0	0	1 (1%)
Total	27	22	49 (100%)	32	24	56 (100%)	105 (100%)

- Approximately 60 percent of respondents would request an amount of loan to a maximum of \$10,000, but not less than \$2,000. The rest would need more than \$10,000.
- None of respondents would ask for a loan that is less than \$2,000.
- Those who are borrowing from the Arab Bank in the two locations are more inclined to ask for a loan that is more than \$10,000. 51 percent of the Arab Bank borrowers tend to ask for more than \$10,000 compared to 30 percent at the Bank of Jordan.
- Hebronites (50 percent) would prefer to have a loan of an amount that is more than \$10,000. While Hebronites tend to ask for bigger loans, the Nabulsi (15 percent) have less tendency to ask for more than \$10,000.

J. Securing Guarantors and Problems Faced

Borrowers are supposed to secure guarantors in order to be eligible for obtaining a loan. Given the fact that this program was designed to facilitate access to credit for microenterprises, the research team asked current borrowers if they have faced problems in securing guarantors. The following results were obtained:

Table 15: Securing Guarantors

Securing Guarantors	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
Yes	3	3	6 (12%)	0	0	0	6 (6%)
No	24	19	43 (88%)	32	24	56 (100%)	99 (94%)
Total	27	22	49 (100%)	32	24	56 (100%)	105 (100%)

- Only 6 percent of total respondents said they actually had problems in finding out acceptable guarantors for the bank. All of them were Arab Bank borrowers in the two branches.
- All of Bank of Jordan borrowers did not face problems in securing guarantors.

K. Satisfaction of Clients

Current borrowers were asked to express their satisfaction on a number of issues as outlined below. The following results were obtained:

1. Speed of Loan Processing**Table 16: Satisfaction with the Speed of Loan**

Criteria	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
Very satisfied	6	10	16 (32%)	8	21	29 (52%)	45 (43%)
Satisfied	14	3	17 (35%)	20	3	23 (41%)	40 (38%)
Unsatisfied	6	9	15 (31%)	3	0	3 (5%)	18 (17%)
Extremely unsatisfied	1	0	1 (2%)	1	0	1 (2%)	2 (2%)
No answer	0	0	0	0	0	0	0
Total	27	22	49 (100%)	32	24	56 (100%)	105 (100%)

- Overall, 81 percent of borrowers are very satisfied and satisfied with the speed of loan service.
- Of the total number of respondents borrowing from Bank of Jordan, 93 percent were very satisfied and satisfied compared to 67 percent at the Arab Bank.
- Nineteen percent of respondents were unsatisfied and extremely unsatisfied. The overwhelming majority of those who are unsatisfied are Arab bank borrowers.
- None of the Bank of Jordan-Hebron branch borrowers was unsatisfied compared to 12 percent of the Bank of Jordan-Nablus branch borrowers.
- 41 percent of the Arab Bank-Bethlehem borrowers were unsatisfied and extremely unsatisfied compared to 26 percent of the Arab Bank-Ramallah branch borrowers.

2. *Bank Services*

Respondents were also asked about the quality of bank services they receive. Their answers were as follows:

Table 17: Satisfaction with Bank Services

Criteria	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
Very satisfied	11	10	21 (43%)	9	20	29 (52%)	50 (48%)
Satisfied	13	6	19 (39%)	21	0	21 (37%)	40 (38%)
Unsatisfied	3	5	8 (16%)	2	3	5 (9%)	13 (12%)
Extremely unsatisfied	0	0	0	0	0	0	0
No answer	0	1	1 (2%)	0	1	1 (2%)	2 (2%)
Total	27	22	49 (100%)	32	24	56 (100%)	105 (100%)

- Of the total number of respondents, 86 percent expressed satisfaction with bank services.
- Of the total respondents of Arab Bank borrowers, 82 percent were satisfied compared to 89 percent at the Bank of Jordan.
- Of the Bank of Jordan borrowers-Hebron branch, 83 percent were extremely satisfied.
- Only 9 percent of the Bank of Jordan borrowers were unsatisfied compared to 16 percent at the Arab Bank.
- None of the respondents in all locations was extremely unsatisfied.

3. *Amount of Loan*

When respondents were asked to express satisfaction with the amount of loan they received from banks, the following results were obtained:

Table 18: Satisfaction with the Amount of Loan

Criteria	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
Very satisfied	2	3	5 (10%)	2	3	5 (9%)	10 (9%)
Satisfied	5	3	8 (16%)	14	8	22 (39%)	30 (29%)
Unsatisfied	17	16	33 (67%)	13	13	26 (46%)	59 (57%)
Extremely unsatisfied	3	0	3 (6%)	3	0	3 (5%)	6 (5%)
No answer	0	0	0	0	0	0	0
Total	27	22	49 (100%)	32	24	56 (100%)	105 (100%)

- Overall, a significant percentage of borrowers (38 percent) were satisfied with the amount of loan received.
- 48 percent of the Bank of Jordan borrowers were satisfied and very satisfied compared to 26 percent at the Arab Bank.
- There are no significant differences between branches of each bank with respect to satisfaction.
- 62 percent were unsatisfied and extremely unsatisfied with the amount of loan received. The majority of the Arab Bank borrowers (73 percent) were not satisfied compared to 51 percent at the Bank of Jordan.
- None of Hebron and Bethlehem was extremely unsatisfied, while 11 percent and 9 percent were extremely unsatisfied in Ramallah and Nablus respectively.

4. *FLOs Services*

The Field Loan Officers (FLOs) in each area are assigned to interact directly with the potential borrowers. They promote the program, sell loans and keep in contact with the borrower. Their services are extremely essential to the success of this program. The sample borrowers were asked to express their satisfaction with the FLO service and the results were as follows:

Table 19: Satisfaction with the FLOs Services

Criteria	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
Very satisfied	21	22	43 (88%)	20	24	44 (78%)	87 (82%)
Satisfied	6	0	6 (12%)	12	0	12 (22%)	18 (18%)
Unsatisfied	0	0	0	0	0	0	0
Extremely unsatisfied	0	0	0	0	0	0	0
No answer	0	0	0	0	0	0	0
Total	27	22	49 (100%)	32	24	56 (100%)	105 (100%)

- Interestingly, all respondents are satisfied with the FLOs services.
- 88 percent of the Arab Bank borrowers were extremely satisfied compared to 82 percent at the Bank of Jordan.
- All Bank of Jordan-Hebron borrowers are extremely satisfied with the FLOs services compared to 62 percent at Bank of Jordan-Nablus branch.
- All Arab Bank-Bethlehem borrowers are extremely satisfied compared to 77 percent at the Ramallah branch.

5. *Repayment Period*

Borrowers are supposed to repay the loan on monthly installments over a period of four to six months. They were asked to express their satisfaction with the length of the repayment period.

Table 20: Satisfaction with the Repayment Period

Criteria	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
Very satisfied	9	3	12 (25%)	5	12	17 (30%)	29 (28%)
Satisfied	16	12	28 (57%)	14	6	20 (36%)	48 (47%)
Unsatisfied	2	7	9 (18%)	10	6	16 (28%)	25 (23%)
Extremely unsatisfied	0	0	0	3	0	3 (5%)	3 (2%)
No answer	0	0	0	0	0	0	0
Total	27	22	49 (100%)	32	24	56 (100%)	105 (100%)

- 75 percent of respondents were satisfied with the length of the period, the rest (25 percent) were unsatisfied.
- 82 percent of Arab Bank borrowers are satisfied with the loan term compared to 66 percent at the Bank of Jordan.
- Of the Arab Bank borrowers-Bethlehem branch, 32 percent were unsatisfied compared to 7 percent at the Ramallah branch.
- No Hebron borrower was extremely unsatisfied compared to 9 percent at the Nablus branch.

6. *Cost of Loan*

All interviewed borrowers were asked to indicate their satisfaction with the cost of the loan (interest rate). The following results were obtained:

Table 21: Satisfaction with the Cost of Loan

Criteria	Arab Bank			Bank of Jordan			Total
	R	B	Total	N	H	Total	
Very satisfied	0	3	3 (6%)	1	4	5 (9%)	8 (7%)
Satisfied	15	11	26 (53%)	18	2	20 (36%)	46 (44%)
Unsatisfied	11	8	19 (38%)	11	17	28 (50%)	47 (45%)
Extremely unsatisfied	1	0	1 (2%)	2	0	2 (3%)	3 (3%)
No answer	0	0	0	0	1	1 (2%)	1 (1%)
Total	27	22	49 (100%)	32	24	56 (100%)	105 (100%)

- Surprisingly, 51 percent indicated that they are satisfied and very satisfied with the cost of loan.
- The majority of the Arab Bank borrowers (59 percent) are satisfied and very satisfied compared to 45 percent of the Bank of Jordan borrowers.
- 53 percent of the Bank of Jordan borrowers are unsatisfied and extremely unsatisfied compared to 40 percent of the Arab Bank borrowers.
- Of the total number of Bank of Jordan-Hebron branch borrowers, 71 percent expressed dissatisfaction with the cost of loan compared to 40 percent at Nablus branch. This might be explained by the fact that Hebronites are more conservative than others when it comes to interest rates.

V. CONCLUSION

The purpose of this market survey was to establish the economic profile of the clientele that is currently served by the Arab Bank and Bank of Jordan. One value of this survey is that it can be used as a baseline data from which the characteristic of the clientele in the second year of the implementation may be compared with.

A total of 105 businesses, which corresponds roughly to 20% of the total clientele, was surveyed. According to the results obtained, the survey generally concludes that the clientele conforms to target group of micro-enterprises specified in the original plan of the program.

Most of the clients surveyed (95%) have been in operation for more than one year. As much as 75% of the sample reported asset values of less than 30,000 and 78% estimated their money sales at less than \$10,000. As regards working capital requirements, 72% of the sample indicated that their businesses need an amount of \$9,000 or less for operations. The current ceiling on the loan size (\$10,000) conforms thus nicely with the true requirement of this segment of the sample. But it is important to introduce one caveat: the survey also indicates that a substantial percentage of the sample (27%) reported working capital requirements that exceed \$9,000. Moreover, when queried about the size of the loan they believe is optimal for their businesses (while having the capacity to repay on time), it is telling that 40% of respondents indicated that such size exceeds \$10,000. Last but not least, only 38% of respondents reported being satisfied with the current loan size. All that suggests that the loan size may need to be adjusted in the second year of implementation of the Program and/or that efforts must be directed by the participating banks to target more clients with lower working capital requirements.

Significantly, only 13% of all respondents indicated to have had access to bank credit in the past. This means that the Program is meeting financial needs of clients without prior access to these services.

The market also includes queries on customers' satisfaction as regards, among others, speed of loan processing, bank services, and cost of loan. 33 percent of Arab Bank's clients are reportedly unsatisfied or extremely unsatisfied with the speed of the loan, as compared with 19% of clients of the Bank of Jordan. In the Arab Bank, 12% of clients indicate difficulties in securing a guarantor, as opposed to 6% in the Bank of Jordan. The majority of all respondents (75%) reported being satisfied with repayment period but a slim majority of 51% indicated to be satisfied with the interest rate.

Massar Associates

Profile of Borrowers

A. Name of interviewer.....

B. Date of interview.....

C. Name of establishment _____

D. Sex of interviewee: ☐ M ☐ F

E. Location _____

1. Name of lending bank:

1.1 ☐ Arab Bank 1.2 ☐ Bank of Jordan

2. Branch location:

2.1 ☐ Ramallah/Albireh 2.2 ☐ Nablus
2.3 ☐ Bethlehem 2.4 ☐ Hebron

3. Age of the business:

3.1 ☐ less than 1 year 3.2 ☐ between 1 and 3 years
3.3 ☐ between 4 and 7 years 3.4 ☐ more than 8 years

4. Nature of business:

4.1 ☐ Industry/ manufacturing 4.2 ☐ Trade 4.3 ☐ Service
4.4 ☐ Tourism 4.5 ☐ Other _____

5. How many people do you employ other than your self?

5.1 ☐ none 5.2 ☐ one to three 5.3 ☐ four to six
5.4 ☐ seven to nine 5.5 ☐ more than nine

6. How many of your employees are salary paid?

6.1 ☐ none 6.2 ☐ one to three 6.3 ☐ four to six
6.4 ☐ seven to nine 6.5 ☐ more than nine

7. What is the value of your total assets (excluding land and building)?

7.1 ☐ less than \$10,000 7.2 ☐ \$10,001-20,000

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7.3 ☐ \$20,001-30,000

7.4 ☐ more than \$30,000

8. What is the value of your working capital?

8.1 ☐ less than \$5,000

8.2 ☐ \$5,001-7,000

8.3 ☐ \$7,001-9,000

8.4 ☐ more than \$9,000

9. What is the value of your monthly sales (in NIS)? _____

10. Do you have a bank account?

10.1 ☐ yes

10.2 ☐ no

11. If the interviewee have a bank account, what kind of bank account he/she has?

11.1 ☐ checking account

11.2 ☐ saving account

11.3 ☐ personal account

11.4 ☐ business account

11.5 ☐ Other, specify.....

12. (*If respondent does not save with bank*) Are you willing to save with banks?

12.1 ☐ yes

12.2 ☐ no

13. *If the answer is no*, what are the reasons?

1.

2.

14. Did you borrow previously?

14.1 ☐ yes

14.2 ☐ no

15. If yes, from whom?

15.1 ☐ Family and friends

15.2 ☐ Money lenders

15.3 ☐ Banks

15.4 ☐ NGOs

15.5 ☐ more than one source, specify.....

16. Are you currently borrowing from other sources?

16.1 ☐ yes

16.2 ☐ no

17. If the answer is yes, specify the source?

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17.1 ☐ other bank 17.2 ☐ NGO program 17.3 ☐ family and friends

17.4 ☐ money lender 17.5 ☐ other.....

18. What is the maximum amount of loan that you are willing to borrow, while having the capacity to repay it on time?

18.1 ☐ less than \$2,000 18.2 ☐ \$2,000-\$4,000
 18.3 ☐ \$4,001-\$6,000 18.4 ☐ \$6,001-\$8,000
 18.5 ☐ \$8,001-\$10,000 18.6 ☐ more than \$10,000

19. Who is your guarantor? _____

20. Did you face problems securing a guarantor?

20.1 ☐ yes 20.2 ☐ no

21. If the answer is yes for the previous question, what kind of problems did you face?

.....

22. Please, express your satisfaction on the following:

	(1)	(2)	(3)	(4)	
		Very satisfied	Satisfied	Unsatisfied	Extremely unsatisfied
One. Speed of loan processing	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Two. Bank services	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Three. Amount of loan		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Four. FLO services	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Five. Cost of loan	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Six. Repayment period		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Comments:

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